

Joint Appropriations Subcommittee on General Government

Department:

Department of State Treasurer

Agency Mission:

Vision: Our vision is to create and maintain a fiscally sound and prosperous North Carolina.

Mission: Our mission is to exercise fiduciary oversight and provide outstanding customer service that provides value to, and instills confidence by, the state's citizens, customers, and financial community.

Divisions

Name: **General Administration**

Statutory Authority: G.S. Chapter 147

Description: The General Administration Division (Office of the State Treasurer) provides executive leadership and management to the Department. The Human Resources Office, mail services and supplies are also housed in this office.

Staff: 23

Division	Total Budgeted Expenditures	Support	Allocation Method
Administrative Services	\$1,816,188	All other divisions	Charged to other divisions based on the number of employees in each division
Total Requirements			1,816,188
Total Receipts			1,816,188
General Fund Appropriation			None

Name: ***Unclaimed Property and Escheats Division***

Statutory Authority: Article 9, Section 10 of the North Carolina Constitution
and G.S. Chapter 116B

Description: The Department of State Treasurer oversees and maintains the State's database of unclaimed property. By law, these funds are escheated, or turned over, to the department for safekeeping. The Unclaimed Property and Escheats Division is responsible for recovering and returning such property to its rightful owners.

Staff: 29

- Highlight - This Division returned over \$36 million dollars to North Carolina citizens in 2010.

<u>Division</u>	<u>Total Budgeted Expenditures</u>	<u>Support</u>	<u>Allocation Method</u>
Escheats	\$3,074,873	Interest earnings on escheated funds in the trust fund	100% funded by transfer from the trust fund
		<i>Total Requirements</i>	<i>3,074,873</i>
		<i>Total Receipts</i>	<i>3,074,873</i>
		<i>General Fund Appropriation</i>	<i>None</i>

Name: **Information Technology Division**

Statutory Authority: G.S. Chapter 147

Description: The Information Technology Division of the Department of the State Treasurer plans, develops, implements, enhances, and supports the automated systems that meet the programmatic requirements of the department and to ensure that the information resources are utilized in the most efficient and cost effective manner.

Staff: 47.50

<u>Division</u>	<u>Total Budgeted Expenditures</u>	<u>Support</u>	<u>Allocation Method</u>
Information Technology	\$8,032,419	All other divisions	Charged to other divisions based on the server usage in each division
		Total Requirements	8,032,419
		Total Receipts	8,032,419
		General Fund Appropriation	None

Name: ***Investment Management Division***

Statutory Authority: G.S. Chapter 147

Description: The Investment Management Division serves as the investment arm for the Department of State Treasurer. This Division employs 19 investment professional positions and 6 additional support positions that provide the expertise for state government investing. The Investment arm oversees a fund of over \$82 billion. This is the 10th largest public pension plan in the United States.

Staff: 27.00

- Highlight - Our Investment Division has less staff than almost any other of its peer plans. To cite one example, Virginia, with approximately \$48 billion investments has a staff of 44.

<u>Division</u>	<u>Total Budgeted Expenditures</u>	<u>Support</u>	<u>Allocation Method</u>
Investment Management	\$6,200,178	Management fees charged to the investment pools at the rate of .000693% of market value per month	Expenditures each month are transferred from the investment pool to Budget Code 19997
		<i>Total Requirements</i>	<i>6,200,178</i>
		<i>Total Receipts</i>	<i>2,183,347</i>
		<i>Appropriation</i>	<i>4,016,831</i>
		<i>Non-tax revenue to General Fund</i>	<i>4,016,831</i>
		<i>Net General Fund Appropriation</i>	<i>None</i>

Name: **State and Local Government Finance Division**

Statutory Authority: G.S. Chapters 142 and 159

Description: The State and Local Government Finance Division handles the sale and delivery of all State and local debt and monitors the repayment of State and local government debt. Staff counsel and assist local governments in determining the feasibility of projects, the size of the financing and the most expedient form of financing. Additionally, this Division monitors and analyzes the fiscal and accounting practices of all local governments and issues the State's annual Debt Affordability Report.

Staff: 36

- Highlight - This Division has helped the State maintain its AAA bond rating from all three rating agencies. In addition, thanks to the work of the Local Government Commission, North Carolina has more AAA rated local government units than any other state in the country. The Local Government Commission is a national model.

<u>Division</u>	<u>Total Budgeted Expenditures</u>	<u>Support</u>	<u>Allocation Method</u>
Local Government Commission	\$4,314,200	County sales tax proceeds	At the end of each fiscal year, the amount expended for this division is transferred from the sales tax Budget Code 19907 at the Department of Revenue to Budget Code 19977
		Total Requirements	4,314,200
		Total Receipts	989,366
		Appropriation from General Fund	3,324,834
		Sales Taxes to General Fund	3,324,834
		Net General Fund Appropriation	None

Name: **Retirement Systems Division**

Statutory Authority: G.S. Chapters 58, 120, 127(a), 128, 135, 143, 161

Description: The Retirement Systems Division administers the retirement and benefit plans that cover public employees in the State.

Staff - 163

- Highlight - The Retirement Systems Division is administered at a cost of \$16 per member. That amount is the lowest among all peer plans and is 1/3 of the \$49 peer median cost. Yet, our service score is 70, only two points below the median score of 72 for peer plans.

<u>Division</u>	<u>Total Budgeted Expenditures</u>	<u>Support</u>	<u>Allocation Method</u>
Retirement Systems	\$17,724,699	Pension trust funds	Expenditures each month are allocated out to all pension funds based on the number of participants in each system. The allocation percentage is determined once per year.
		Total Requirements	17,724,699
		Total Receipts	17,724,699
		Net General Fund Appropriation	None

Name: ***Financial Operations Division – Banking Operations***

Statutory Authority : G.S. Chapter 147

Description: The Banking Operations section within the Financial Operations Division performs the State Treasurer's role of serving as the State's Banker and is responsible for ensuring that efficient banking services are provided to all State agencies and institutions. It also ensures that all funds deposited, invested, and disbursed through the State Treasurer are properly accounted for and reported.

Staff: 13

- Highlight - The Financial Operations Division operates the third largest bank in North Carolina with a staff of 13 people.

<u>Division</u>	<u>Total Budgeted Expenditures</u>	<u>Support</u>	<u>Allocation Method</u>
Financial Operations- Banking	\$ 3,196,538	Management fees charged to the investment pools at the rate of .000585% of market value per month	Expenditures each month are transferred from the investment pool to Budget Code 19997
		<i>Total Requirements</i>	<i>3,196,538</i>
		<i>Total Receipts</i>	<i>0</i>
		<i>Appropriation from General Fund</i>	<i>3,196,538</i>
		<i>Non-tax revenue to General Fund</i>	<i>3,196,538</i>
		<i>Net General Fund Appropriation</i>	<i>None</i>

Name: ***Financial Operations Division –Accounting***

Statutory Authority : G.S. Chapter 147

Description: The Financial Operations Division manages and analyzes financial information; accounts for forecast the use of department resources; conduct general ledger accounting; maintain accounts payable, collections and accounts receivable, payroll services, cash management, program payments, and contracts and grants management; provide asset and liability management; and execute financial reporting. The division also conducts resource planning and allocation activities; develops and executes the budget; and analyzes issues impacting the department's budgets and management.

Staff: 23

The Financial Operations Division accounting functions are paid for through allocations to other DST divisions as illustrated below.

<u>Division</u>	<u>Total Budgeted Expenditures</u>	<u>Support</u>	<u>Allocation Method</u>
Financial Operations- Accounting	\$ 1,550,907	All other divisions	Charged to other divisions based pro rata basis
Total Requirements			1,550,907
Total Receipts			1,550,907
Net General Fund Appropriation			None

Summary of Funding and Positions:

Fiscal Year 2010-11 Budget and Personnel (General Fund – BC 13410, only):

<i>Budget 13410</i>	<i>Personnel</i>
Total Requirements : 45,910,002	Total Positions: 361.50
Receipts: 35,371,799	Receipted Positions: 292.50
General Fund Appropriation: 10,538,203	General Fund Supported Positions: 69*

*As noted in the spreadsheets funding for these positions is restored to the general fund. The net General Fund appropriation to support DST positions is therefore \$0.00